GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Service – Agriculture and Cooperation Department – Departmental Proceedings against Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur- Under Rule 200 of A.P(AP&LS) Market Rules, 1969 – Articles of Charges – Orders – Issued.

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AGRICULTURE AND CO-OPERATION(VIG-II) DEPARTMENT

G.O.RT.No. 289 **Dated: 16-05-2025**

From the Director General (V&E) & E.O.PRL.SECY.TO GOVT. Vigilance Report No.69 (C.No.4891/V&E/D1/2024) dated:14.11.2024.

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O R D E R:-

It is proposed to hold an enquiry against Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur in accordance with the procedure laid down in Rule 200 of Andhra Pradesh (AP&LS) Market Rules, 1969.

2. The substance of the imputations of misconduct or misbehavior in respect of which the enquiry is proposed to be held is set out in the enclosed statement of Article of Charge (Annexure – I & II). A list of documents by which and a list of witnesses by whom the article of charge is proposed to be sustained are also enclosed (Annexure –III & IV).

3. Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur is directed to submit within 15 days of the receipt of this order, a written statement of his defense.

4. Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur is further informed that an enquiry will be held only in respect of those articles of charges that are not admitted. He should, therefore, specifically admit or deny the article of charge.

5. Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur is further informed that if he does not submit his written statement of defense on or before the date specified in Para 3 above, further action will be proceeded based on the material available.

6. The attention of Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur is invited to Rule 24 of the A.P.C.S (Conduct) Rules, 1964 under which no Government servant shall bring or attempt to bring any political or outside influence to hear upon any superior authority to further his interest in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another person in respect of any matter dealt within these proceedings it will be presumed that Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur is aware of such representation and that it has been made at his instance and action will be taken against him for violation of Rule 24 of the A.P.C.S (Conduct) Rules, 1964.

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7. The receipt of the charge memo may be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B.RAJSEKHAR, IAS,
EX-OFFICIO SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
Sri Ch. Pedda Rao, Supervisor,
Agricultural Market Committee, Guntur
(Through: The Director of Agricultural Marketing, A.P., Guntur)
The Director of Agricultural Marketing, A.P., Guntur.
Sf/Sc.

//FORWARDED::BY ORDER//

SECTION OFFICER

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ANNEXURE.I

STATEMENT OF ARTICLE OF CHARGES FRAMED AGAINST SRI CH. PEDDA RAO, SUPERVISOR, AGRICULTURAL MARKET COMMITTEE, GUNTUR

ARTICLE OF CHARGE-I

That Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur has shown negligence in verification of the weighmen`s records and the entries in e-NAM by the DEOs under his supervision.

By his above mentioned acts, he has failed to maintain absolute integrity, devotion to duty and conduct unbecoming of public servant by violating rule 3 of Andhra Pradesh Civil Services(Conduct) Rules, 1964.

ARTICLE OF CHARGE-II

That Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur has failed to oversee the early morning transactions conducted by the traders and is permitting unauthorized dealings by omitting certain transactions from being recorded in e-NAM.

By his above mentioned acts, he has failed to maintain absolute integrity, devotion to duty and conduct unbecoming of public servant by violating rule 3 of Andhra Pradesh Civil Services (Conduct) Rules, 1964.

ARTICLE OF CHARGE-III

That Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur has caused and due to his lack of supervision which resulted in significant losses to the Government`s finances and is enabling traders to avoid paying Market Fee.

By his above mentioned acts, he has failed to maintain absolute integrity, devotion to duty and conduct unbecoming of public servant by violating rule 3 of Andhra Pradesh Civil Services (Conduct) Rules, 1964.

ARTICLE OF CHARGE-IV

That Sri Ch. Pedda Rao, Supervisor, Agricultural Market Committee, Guntur has involved in corruption activities with Commission Agents for the renewal of their licenses and neglected to allocate plots to those Commission Agents who are without plots.

By his above mentioned acts, he has failed to maintain absolute integrity, devotion to duty and conduct unbecoming of public servant by violating rule 3 of Andhra Pradesh Civil Services (Conduct) Rules, 1964.

ANNEXURE.II

STATEMENT OF IMPUTATIONS OF MISCONDUCT OR MISBEHAVIOUR IN SUPPORT OF ARTICLES OF FRAMED AGAINST SRI CH. PEDDA RAO, SUPERVISOR, AGRICULTURAL MARKET COMMITTEE, GUNTURARE PROPOSED TO BE SUSTAINED.

Imputation to Charge-I&II

Basing on the report of V& E Department, it was noticed that he has neglected to verify the weighmens records and entries in e-NAM by the DEOs

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under his supervision. Neglecting the early morning transactions conducted by the traders, he permits "Zero" and "Cut" dealings by omitting certain transactions from e-NAM. His lack of oversight leads to significant losses for the Government and enables traders to avoid paying market fee.

Further, it was noticed in point No. 1(Page No. 75) which is mentioned as **Non-implementation of full-fledged e-NAM** in the findings of V&E Department that the operational hours of Mirchi Yard commences regularly at 6.30 AM, but the market officials, including supervisors, weighmen, and data entry operators, are absent. The allocation of lot IDs for farmers produce commences in post-official hours i.e., from 10.30 AM onwards. Previously, lot IDs were generated either upon farmers requests or based on information provided by clerks of the Commission agents to the data entry operators. Consequently, there existed a significant risk of "Zero business" transaction and potential evasion of the 1% Market Cess, as its declaration was not obligatory upon the staff`s entry at the gate. The gatekeepers maintained manual records that were not cross checked with the data input in e-NAM. Upon investigation, the V&E team identified that certain lot IDs were not put up for bidding, even after the goods return option was activated. Therefore, the lot IDs remained un-bidded and were classified as having yielded "Zero" Business. The below table shows the entries that bypassed the bidding process for the FY 2019-20 to 2023-24, as per the data provided by the Secretary, AMC, Guntur, and cross validated with e-NAM data.

Sl. No.	Year	Bags not bid	Bags entered as goods returned	Final bags not bid	In qtls.	Model Rate in Rs.	Amount in Rs.	1% AMF in Rs.	5% GST in Rs.
1	2019-2020	656507	141998	514509	205803.6	14000	2881250400	28812504	144062520
2	2020-2021	310278	222770	87508	35003.2	13000	4550411600	4550416	22752080
3	2021-2022	872723	779895	92828	37131.2	16000	594099200	5940992	29704960
4	2022-2023	823732	316936	506796	202718.4	20000	4054368000	40543680	202718400
5	2023-2024	2548835	1355759	1193076	477230.4	19500	9305992800	93059928	465299640
Total		5212075	2817358	2394717	957886.8	--	17290752000	172907520	864537600

From the above data, the scale of Zero business and subsequent avoidance of 1% AMF and 5% GST over the past five years amounts to Rs.17,29,07,520/-, with an estimated evasion of Rs.86,45,37,600/- for the 5% GST alone. Consequently, the total evasion involving 1% AMF Cess and 5% GST adds up to **Rs.103,74,45,120/-**

Basing on the statements of the weighmen and Commission Agents that the zero-business calculated above is a very meager amount as most of the zero-business conducted in the early hours without entering in the e-NAM.

The Weighmen, who arrived punctually, collects data from the clerks of Commission agents and Traders, and subsequently record the weighments of mirchi bags in their kata-chitta. Upon scrutinizing the turnovers of Commission Agents and Traders presented by the Secretary, AMC, Guntur, the V&E officials identified a significant disparity between them, as detailed in the table below.

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Sl. No.	Details	2019-20 Rs.	2020-21 Rs.	2021-22 Rs.	2022-23 Rs.	2023-24 Rs.
1	665 Commission Agents Turnovers (5 years	5631,14,42,173	2730,33,62,709	6439,16,74,902	8430,45,26,310	8205,61,62,621
2	385 Expert Traders Turnovers (5 years)	4539,29,17,904	2341,36,62,396	5569,33,30,763	7595,75,44,348	7324,90,97,875
3	Difference	**1091,85,24,269**	**388,97,00,313**	**869,83,44,139**	**834,69,81,962**	**880,70,64,746**
					5 years difference Total	**4066,06,15,429**

This shows that '**cut**' business leading to the evasion of 5% GST. Upon computing a 1% cess on the 5-year discrepancy, it amounts to Rs.40,66,06,154/-. The calculated evasion of 5% GST totals Rs.203,30,30,770/-. Consequently, the overall evasion stands at Rs.243,96,36,924/-.

Therefore, the claims of '**Zero**' and '**Cut**' business with the total evasion of 1% AMF Cess and subsequent 5% GST evasion over the last five years is estimated as **Rs.347,70,82,044/- (Rs.103,74,45,120/- + Rs.243,96,36,924/-)**.

<u>Imputation to Charge- III</u>

It was noticed in point No. 2 (Page No. 76) which is mentioned as **Illicit leasing of licenses:**

- On scrutinizing the roster of Commission Agents furnished by the Secretary, AMC, Guntur, it was noticed that out of the 683 Commission Agents listed, 59 were denied Plots for their business operations. A majority of these remaining 624 agents were found to be engaging in the illicit leasing of their licenses to unauthorized commission agents.
- These unauthorized or benami Commission Agents has resulted in the unlawful collection of commissions exceeding the permissible limit of 2%, which has gone upto 4 to 5%, as commission was collected both for the licensed commission agent and benami commission agent, thereby engaging in fraudulent transactions.
- Furthermore, certain unallocated plot agents have resorted to conducting their business activities on public roads, causing disruptions to the flow of traffic within the market vicinity where the Market Committee authorities have failed to control them.

It was noticed in point No. 3 (Page No. 77) which is mentioned as **More licenses to members of a single family:**

- During the inspection at AMC, Guntur, the V&E officials observed the issuance of multiple licenses to members of a single family through the establishment of distinct firms under various names, with the intension of evading income tax obligations (Income exceeding 7 lakhs is taxable).

<u>Imputation to Charge- IV</u>

It was noticed in point No. 5 (Page No. 79) which is mentioned as **collection of amounts illegally from Commission Agents in renewal of licenses**:

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The licenses of Commission Agents were renewed for every five years. The licenses renewed from 2018-2023 were again renewed and those who changed in the partnerships and in proprietorships were also added to this. A total number of 497 licenses were renewed. Of the 497 renewed licenses 283 licenses are of normal renewals, 51 licenses were delayed in renewal, 130 are partnerships changes and 33 licenses were changed from proprietorship to partnership.

The Commissioner & Director of Agricultural Marketing constituted three men committee consisting of 1) Regional Joint Director, Marketing, Vijayawada, 2) Assistant Director, Marketing, Guntur and 3) Selection Grade Secretary, Mirchi Yard, Guntur and they recommended for the renewal of 63 licenses only pertaining to Partnership changes. Based on the recommendations, the Marketing Commissioner issued orders for renewal of the said 63 licenses only.

The remaining 67 licenses were renewed by placing them before the governing body of the Market Yard passing resolutions dt:24.03.2023 and 22.05.2023 of AMC, Guntur under the Chairmanship of Sri M. Sudhakar Reddy without considering the recommendations of three men committee and the approval of the Commissioner Marketing.

Further, 10 Commission agents, who changed their firm from Proprietorship to partnership filed writ petitions before the Hon'ble High Court of AP were again scrutinized by three men committee got renewed by the Secretary & Chairman of the AMC, Guntur without approval of the Commissioner Marketing. Also renewed 23 licenses without recommendation of neither three men committee nor the approval of Commissioner of Marketing.

The two chairmen namely Sri Sudhakar Reddy and Sri N. Raja Narayana colluded with Sri I. Venkateswara Reddy, the Selection Grade Secretary, AMC, Guntur renewed 90 license without obtaining any permission from the Commissioner of Marketing, in this process they collected huge amounts illegally from the Commission Agents for renewal of their licenses.

It was noticed in point No. 4 (Page No. 77) which is mentioned as **Bidding of vacant plots through e-konugolu app:**

The Selection Grade Secretary of the Agricultural Marketing Committee (AMC) in Guntur has put forth proposals for 12 vacant plots within the Market Yard. These plots are situated in various blocks, and the Secretary has fixed minimum monthly rent for 92 Commission Agents allocated these plots. Following this, the Commissioner and Director of Agricultural Marketing (C&DAM) AP, Guntur, allocated plots to 34 Commission Agents.

Subsequently, the AMC Secretary, after setting rental rates ranging from Rs.16.50 to Rs.33.00 per sq. ft., entered into agreements with 33 Commission Agents. In second round, 4 additional Commission Agents were assigned plots at a rate of Rs.11 for sq. ft. All 37 Commission Agents appealed to the Minister of Agriculture and Marketing for a review of the rental rates, citing excessive amounts compared to those paid by existing Commission Agents.

Consequently, the C&DAM, AP, Guntur, instructed for the reassignment of 37 plots, establishing a reasonable base price by appointing

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a committee of four individuals for this purpose. The committee determined the base rent price to be Rs.2.70 per sq. ft. per month. Out of the 37 Commission Agents, only 19 participated in the bidding process, quoting rates of Rs. 3.25 and Rs.3.50.

(i) Calculation of detriment to the AMC in Guntur resulting from the failure to allocate 92 plots to the Commission Agents, leaving them vacant for a period of five years.

Plot not allotted Commission Agents	Rent per Sq. ft.	Amount for Month Rs.	Amount for year Rs.	Amount for 5 years Rs.
92	3.25	88538	1062461	5312307
92	3.5	95349	1144189	5720946
92	11	299669	3596023	17980116
92	16.5	449503	5394035	26970174

(ii) Allotment of vacant plots commenced in 2020, with 34 Commission Agents being allocated plots in May 2021, and an additional 4 members in February 2022. However, only 37 entered into agreements with AMC, Guntur. Out of these 37 Commission Agents, only 19 partook in the re-allotment of plots at reduced rents in March 2024. Nonetheless, 73 Commission Agents still remain without allocated plots, leading to a loss in rental revenue for AMC, Guntur.

By the above mentioned acts, he has failed to maintain absolute integrity, devotion to duty and conduct unbecoming of the public servant and contravened Rule 3 of APCS (Conduct) Rules, 1964 and rendered himself liable for disciplinary action. Hence the Charges.

ANNEXURE – III

LIST OF DOCUMENTS BY WHICH THE ARTICLES OF CHARGES FRAMED AGAINST SRI CH. PEDDA RAO, SUPERVISOR, AGRICULTURAL MARKET COMMITTEE, GUNTUR.

Vigilance Report No. 69 (C.No. 4891/V&E/D1/2024), Dt:14.11.2024 of General Administration (Vigilance & Enforcement) Department.

ANNEXURE – IV

LIST OF WITNESSES BY WHOM BY THE ARTICLE OF CHARGES FRAMED AGAINST SRI CH. PEDDA RAO, SUPERVISOR, AGRICULTURAL MARKET COMMITTEE, GUNTURARE PROPOSED TO BE SUSTAINED.

Investigation Officers of Vigilance & Enforcement Department.

B.RAJSEKHAR, IAS,
EX-OFFICIO SPECIAL CHIEF SECRETARY
TO GOVERNMENT